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United States General Accounting Office
Washington, DC 20548

National Security and
International Affairs Division

B-285661

July 19, 2000

The Honorable Benjamin A. Gilman
Chairman, Committee on International Relations
House of Representatives

The Honorable Floyd D. Spence
Chairman, Committee on Armed Services
House of Representatives

Subject: Defense Trade: Status of the Department of Defense's Initiatives on Defense Cooperation

Representatives of the U.S. defense industry and foreign customers have expressed concerns with the policies and procedures that relate to the transfer or sale of defense articles and services and govern the programs that comprise U.S. security cooperation. Their concerns are that the policies and procedures involved are cumbersome and time-consuming and inhibit businesses from competing in the international marketplace. In response to these concerns, the Department of Defense began reexamining its policies and procedures. These policies and procedures affect (1) the release of classified information to a foreign government or individual, (2) arms transfers, which include government-to-government transfers as well as U.S. industry transfers to foreign governments or foreign companies under contract to a foreign government, (3) U.S. procurement of defense articles and services from foreign companies, and (4) the controls governing foreign ownership of U.S. defense companies.

In 1998, the Department commissioned three studies to consider the benefits and risks that an increasingly global defense industrial base would have on national security. Enclosure I summarizes these studies along with related white papers and an interagency report on the export licensing process.

Concerned about the national security implications of a globally integrated defense industry, you asked us to examine the Department of Defense's initiatives to change export and procurement policies and procedures. As agreed with your offices, this report provides information on the Department's recent initiatives. Specifically, we identify each initiative and describe its objective and/or source, participants, and status. We are providing this information in enclosure II.

SUMMARY OF THE INITIATIVES

In 1999, the Department of Defense compiled a list of 81 initiatives designed to facilitate cross-border industrial relationships and address possible security risks. At the time of this report, 43 of the initiatives are ongoing, 21 are completed, 17 have been terminated, placed on hold, duplicated other initiatives, or the status was uncertain. Forty-seven of the initiatives addressed disclosure of classified information, export controls, industrial base, and industrial security procedures and policies. The remaining 34 initiatives focused on efforts to reinvent the Foreign Military Sales Program.¹ Some of the initiatives were developed to improve the timeliness and effectiveness of internal business practices while others sought to change export and procurement policies. Senior officials within the Office of the Secretary of Defense were responsible for developing the initiatives and invited high-level officials from the military departments and the Departments of State and Commerce to participate in their discussions.

AGENCY COMMENTS

We provided the Department of Defense with a copy of our matrix showing the results of our analysis and the Department provided technical comments and updated the status of some of its initiatives (see encl. III). We have incorporated those changes where appropriate.

SCOPE AND METHODOLOGY

To identify and track the status of the Department of Defense's initiatives, we developed a matrix based on information we gathered from 10 offices within the Office of the Secretary of Defense, 4 defense agencies, the Joint Chiefs of Staff, the military services, the Office of Management and Budget, and the Departments of Commerce and State. We examined policy memos, official correspondence, draft legislation and regulations, agreements, briefing slides, and studies associated with the initiatives. We discussed the initiatives with officials identified as responsible for developing each initiative as well as officials in the implementing offices.

We performed our review from January through June 2000 in accordance with generally accepted government auditing standards.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to Representative Sam Gejdenson in his capacity as Ranking Minority Member of the House International Relations Committee and to Representative Ike Skelton in his capacity as Ranking Minority Member of the House Armed Services Committee. We are also sending copies to the Honorable William S.

¹ The Foreign Military Sales Program facilitates the purchase of defense articles and services from the U.S. government by eligible foreign governments and international organizations.

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Cohen, Secretary of Defense, and the Honorable Jacob J. Lew, Director, Office of Management and Budget.

Please contact me on (202) 512-4841 if you or your staff have questions concerning this report. Another contact and key contributors to this assignment are listed in enclosure IV.

A handwritten signature in black ink, reading "Katherine V. Schinasi". The signature is written in a cursive, flowing style.

Katherine V. Schinasi
Associate Director, Defense Acquisitions Issues

DEFENSE REPORTS/WHITE PAPERS RELATED TO
SECURITY AND DEFENSE COOPERATION

The Three Studies Commissioned in 1998

Final Report of the Defense Science Board Task Force on Globalization and Security. Office of the Under Secretary of Defense for Acquisition and Technology. Washington, D.C.: December 1999. This report represents the conclusions and recommendations of the Defense Science Board Task Force on Globalization and Security, which was chartered by the Under Secretary of Defense for Acquisition and Technology. The task force was to study the impact of globalization on the Department of Defense (DOD) and advise it on policies, procedures and/or technologies to maximize the benefits of trends associated with globalization while mitigating risk. The task force was composed of a number of current and former government officials, as well as industry officials and members of academia. It received briefings from various government, industry, military, and academic experts.

Premises for Policy: Maintaining Military Superiority in the 21st Century. Final Report of the Secretary of Defense's Strategic Studies Group IV. Washington, D.C.: 1999. This report represents the judgments of the seven military officers who comprised the fourth strategic studies group. The group was tasked by the Deputy Secretary of Defense to consider the question of "How can the United States sustain a position of technological and ultimately military advantage over potential competitors in a global trade environment?" The study group conducted a series of discussions with senior administration policymakers, former DOD officials, senior representatives of the defense industry and other U.S.-based multinational and global business enterprises, and several Unified Commanders-in-Chief.

Presentation of the Panel on Commercialization in the U.S. Defense Establishment. Panel on Commercialization. Washington, D.C.: June 1999. The panel was originally chartered by the Secretary of Defense to examine the security issues and potential security risks resulting from globalization and its related trends affecting business and industry, including the increased number of U.S.-owned defense contractors with overseas facilities and the increased foreign ownership of U.S.-based suppliers. The panel decided to focus its presentation on the issues surrounding commercialization, from a national perspective, and only address globalization if one of the areas to be studied involved an international component. Its members included corporate executives from the private sector, experienced national security professionals, and former Members of Congress.

White Papers

Arms Transfer/Technology Transfer White Paper. Washington, D.C.: September 27, 1999. This white paper is the product of several DOD and industry organizations; it attempts to address some of the problems identified by representatives of the U.S. defense industry and foreign customers regarding the U.S. processes for regulating arms transfers, technology transfer, and disclosures of classified information.

Enclosure I

Pricing, Finance and U.S. Government Cost Recovery White Paper. Washington, D.C.: January 26, 1999. This white paper is the product a joint DOD and industry effort; it attempts to address concerns raised by the U.S. defense industry and foreign customers regarding the U.S. security cooperation processes for pricing, financing, and cost recovery.

Process Transparency White Paper. Washington, D.C.: January 26, 1999. This white paper is the product of a joint DOD and industry effort; it identifies target areas where increased transparency in the security cooperation process might be achieved. These areas include improving U.S. government and industry cooperation, development of Letters of Offer and Acceptance, and DOD's contracting process.

Inspectors General Report

Interagency Review of the Export Licensing Processes for Dual-use Commodities and Munitions. Offices of the Inspectors General of the Department of Commerce, the Department of Defense, the Department of Energy, the Department of State, the Department of Treasury, and the Central Intelligence Agency, Report No. 99-187, June 18, 1999. This report was requested in 1998 by the Chairman of the Senate Committee on Governmental Affairs. The Inspectors General were requested to review the export licensing processes for munitions and dual-use commodities. Their report provides information related to legislative authorities; the licensing process; the cumulative effect of exports; the information systems used in the licensing process; guidance, training, and undue pressure; and monitoring compliance with export license conditions and end-use checks.

ENCLOSURE II

SUMMARY OF THE DEPARTMENT OF DEFENSE'S
DEFENSE COOPERATION INITIATIVES

Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
Foreign disclosure initiatives				
1. Prepare white paper on Arms/Technology Transfer	To address problems raised by industry representatives and foreign customers regarding regulating arms transfers, technology transfers, and disclosures of classified information.	Defense Security Cooperation Agency (co-chair) Deputy Under Secretary of Defense for Policy (Policy Support) (co-chair) Defense Threat Reduction Agency Military services	Completed	The Deputy Under Secretary of Defense approved the white paper on September 27, 1999. It included 11 recommendations, all of which were incorporated in DOD's list of 81 defense cooperation initiatives.
2. Establish guidelines for training in international security and disclosure	To reduce time associated with technology transfer, disclosure, and/or export license processing by providing training programs that do not currently exist. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	The Deputy Under Secretary of Defense issued a memorandum on October 22, 1999, relating to training requirements.
3. Contract for expanded training courses	To reduce time associated with technology transfer, disclosure, and/or export license processing by providing training programs that do not currently exist. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	As of October 31, 1999, DOD had established a web site and appointed a course administrator for this effort. Although DOD considers that the actions taken have implemented the initiative, we were told that more funds are needed in fiscal year 2001 to increase the number of classes for this expanded training.
4. Include international security/disclosure module in program manager courses	To reduce time associated with technology transfer, disclosure, and/or export license processing by providing training programs that do not currently exist. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support) Defense Systems Management College	Ongoing	Officials from the Office of the Secretary of Defense met with the Defense Systems Management College to discuss including this module in the program manager courses. This initiative has not been completed.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
5. Include international security/disclosure module in other Defense Acquisition University courses	To reduce time associated with technology transfer, disclosure, and/or export license processing by providing training programs that do not currently exist. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support) Deputy Under Secretary of Defense—International and Commercial Programs	Ongoing	No action has been taken on this initiative.
6. Initiate review to decrease time to approve foreign visits/access to classified information	Responds to foreign customers' perception that procedures for visit requests and approval are too stringent and take too long. (Arms Transfer/Technology Transfer White Paper)	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	DOD has started these reviews.
7. Direct components to carry out obligations to create disclosure guidance	To streamline the review for foreign visits and/or access to classified information by preparing and updating documents, which are required by DOD regulations. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	The Deputy Secretary of Defense issued a memorandum on September 9, 1999, encouraging compliance with DOD Directive 5200.39 relating to planning documents and delegation of disclosure authority letters.
8. Establish system to assure that delegation of disclosure authority letters are prepared and recorded	To streamline the review for foreign visits and/or access to classified information by preparing and updating these letters, which are required by DOD regulations. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support) Military services	Ongoing	The Deputy Under Secretary of Defense for Policy (Policy Support) has requested that the military services provide information on the number of delegation of disclosure authority letters. At the time of our review, the Air Force was the only service to respond. We were told that the Deputy Under Secretary of Defense for Policy would provide additional guidance in this area.
9. Complete country case studies	Terminated	Deputy Under Secretary of Defense for Policy (Policy Support) Military services	Terminated	DOD does not identify this action as one of its defense cooperation initiatives.
10. External education	To reduce time associated with technology transfer, disclosure, and/or export license processing by providing training programs that do not currently exist. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	This initiative represents DOD's outreach activity. Three unified commands had been briefed at the time of our review.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
11. Inform Industry that the Under Secretary of Defense for Policy will selectively sponsor exceptions to the National Disclosure Policy	To address problems industry faces when it sells equipment involving classified information, which require exceptions to the National Disclosure Policy. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board recommendation. 	Defense Threat Reduction Agency Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	This information was announced at various conferences such as the Society for International Affairs.
12. Continue to encourage National Disclosure Policy Committee members to vote in a timely manner	Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	The National Disclosure Policy Committee Chairman sent a letter dated October 19, 1999, to committee members on the subject of timely voting.
13. Establish a set of disclosure and technology transfer guidelines for controlled unclassified information	To clarify rules governing the use and transfer of controlled unclassified and contractor proprietary information. Responds to Arms Transfer/Technology Transfer White Paper.	Deputy Under Secretary of Defense for Policy (Policy Support) Defense Threat Reduction Agency	Status is uncertain	The DOD organizations identified as participants have not been working on the initiative.
Automation initiatives				
14. Complete replacement of Foreign Visits System Software	To provide standardized DOD-wide information systems, improve consistency of policy application, facilitate decisions on information and technology, and increase processing productivity.	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	In November 1999, the front-end portion of the Foreign Visit System Software, which embassies use to make foreign visit requests of DOD, was replaced. The software was replaced to make sure the system was Y2K compliant and incorporated user-friendly improvements. The remainder of the foreign visit system did not require modification. No additional actions are anticipated. This initiative was planned and budgeted for as a required modernization effort prior to DOD's initiatives.
15. Complete replacement of Foreign Disclosure System Classified Military Information Database	To provide standardized DOD-wide information systems, improve consistency of policy application, facilitate decisions on information and technology, and increase processing productivity.	Deputy Under Secretary of Defense for Policy (Policy Support)	Completed	Modifications were submitted to the developer and replacement of the database occurred in May 2000. This initiative was planned and budgeted for as a required modernization effort prior to DOD's initiatives.
16. Complete replacement of Technology Protection System Commodity Control List Database	To provide standardized DOD-wide information systems, improve consistency of policy application, facilitate decisions on information and technology, and increase processing productivity.	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	The dual use commodity portion was expected to undergo testing at the end of June and replacement of the database is anticipated mid-August 2000. This initiative was planned and budgeted for as a required modernization effort prior to DOD's initiatives.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
17. Complete replacement of Technology Protection System Munitions Database	To provide standardized DOD-wide information systems, improve consistency of policy application, facilitate decisions on information and technology, and increase processing productivity.	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	DOD needs to begin testing and assessing user reactions. Replacement of the database is expected by mid-August 2000. This initiative was planned and budgeted for as a required modernization effort prior to DOD's initiatives.
18. Ask State Department for electronic copies of U.S. government decisions on munitions licenses	To increase processing productivity. Responds to recommendation made in the June 1999 Interagency Inspector General report.	Deputy Under Secretary of Defense for Policy (Policy Support) State Department	Ongoing	The State Department has agreed to provide final decisions electronically if DOD will reciprocate and provide its positions electronically.
19. Establish Department of Defense/State/Commerce interagency process to improve interagency communications	To facilitate expedited export license processing; protect agency sensitive information; reduce repetitive submission of technical data; provide a standard user interface for the submission and review of supporting documentation; and comply with the Government Paperwork Elimination Act and the Clinger-Cohen Act. Responds to recommendations made in the June 1999 Interagency Inspector General report.	Deputy Under Secretary of Defense for Policy (Policy Support) Defense Threat Reduction Agency State Department Commerce Department	Ongoing	In the short term, DOD plans to obtain a dedicated line for processing licenses under both the munitions and commodity control lists. At the time of our review, DOD, Commerce, and State had to dial in periodically for updates to their licensing systems. DOD is developing plans for the electronic submission of technology specifications. DOD officials are waiting on congressional approval of their reprogramming actions to fund this initiative.
20. Interface between Foreign Disclosure and Technical Information System and Defense Security Cooperation Agency's foreign military sales data	To provide foreign military sales data into the Foreign Disclosure and Technical Information System.	Deputy Under Secretary of Defense for Policy (Policy Support) Defense Security Cooperation Agency	Completed	According to an official within the Office of Secretary of Defense, this effort was completed prior to the identification of DOD's defense cooperation initiatives. Additional improvements and interfaces are planned with the new interagency export control system identified under initiative #22.
21. Put delegation of disclosure authority letters into the Foreign Disclosure and Technical Information System	To provide visibility of disclosure decisions to DOD personnel processing export license applications and foreign military sales cases. Required by Deputy Secretary of Defense September 9, 1999, memorandum encouraging compliance with DOD Directive 5200.39 and discussed at senior-level working group meetings. These meetings were chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy, as required in the memorandum.	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	At the time of our review, the Air Force was the only military service with delegation of disclosure authority letters on-line.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
22. Develop and put into service new computer system for DOD/State/Commerce to process export licenses	To facilitate expedited export license processing; protect agency sensitive information; reduce repetitive submission of technical data; provide a standard user interface for the submission and review of supporting documentation; comply with the Government Paperwork Elimination Act and the Clinger-Cohen Act. Responds to <ul style="list-style-type: none"> Defense Science Board recommendation and Department of Commerce Inspector General's recommendation made in the June 1999 Interagency report. 	Deputy Under Secretary of Defense for Policy (Policy Support) Defense Threat Reduction Agency State Department Commerce Department	Ongoing	Discussions between the Departments of Defense, Commerce, and State continue. DOD has allotted \$30 million in Program Budget Decision Memorandum #289 for this interagency system; however, DOD officials state that a cost-benefit analysis was not done to support the \$30 million budget decision. A cost-benefit analysis is now in progress. In addition, the State Department has expressed concerns about this effort and has had limited participation. The implementation of this initiative is subject to congressional approval of funding.
23. Expand interfaces between remote sites and the Security Policy Automation Network	To facilitate expedited export license processing and to reduce repetitive submission of technical data. Responds to June 1999 Interagency Inspector General report.	Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	This is a proof of concept effort between the Departments of Defense and Commerce. The Departments have yet to build the application and database that will interface with each other and interface between DOD, the military services, and Commerce. This effort is a precursor to the interagency export license system between the Departments of Defense, State, and Commerce.
24. Convert congressional notification process for Arms Export Control Act 36(b), (c), and (d) notifications to paperless format	Discussed at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.	Defense Security Cooperation Agency Defense Threat Reduction Agency State Department	On hold	According to Defense Security Cooperation Agency officials, no one was acting on this initiative at the time of our review.
Export control initiatives				
25. Implementation plan to improve effectiveness of the export licensing review process	To improve the timeliness and quality of the export license review process. Resulted from backlog of export licenses and was discussed at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.	Defense Threat Reduction Agency	Completed	The Deputy Secretary of Defense issued a memorandum on October 4, 1999, concerning internal DOD changes to the licensing process.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
26. Budget review/issue papers into DOD budget process	<p>To provide funding for licensing officials and interagency computer system.</p> <p>Resulted from backlog of export licenses and was discussed at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.</p>	Defense Threat Reduction Agency	Completed	Program Budget Decision #289, which was issued on December 1, 1999, provided funding for the export license system and resources for internal DOD changes to the license process. See initiative #22 for additional information.
27. Refine DOD and State Department prescreening guidance	<p>To reduce DOD's export license caseload by providing State with improved screening guidance.</p> <p>Discussed at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.</p>	Defense Threat Reduction Agency State Department	On hold	According to Defense Threat Reduction Agency officials, the screening guidance was provided in the past and the Defense Threat Reduction Agency has not identified any irregularities in the State Department's referral practices. This initiative was on hold at the time of our review pending completion of initiative #28.
28. Update referral guidance (standard guidance to the services) within DOD	<p>To address and resolve problems with lengthy export license processing times.</p> <p>Responds to recommendations made in the June 1999 Interagency Inspector General report.</p>	Defense Threat Reduction Agency Joint Chiefs of Staff Defense Intelligence Agency Military services	Ongoing	Defense Threat Reduction Agency officials asked DOD components to document what licenses they wanted to see on two occasions. On the first occasion, the components preferences were not used because they were too general. The second request required highly detailed input. However, the information provided by DOD components, if applied literally, would have significantly increased referrals. Consequently, information in the referral packages would increase the services/components workload 300 to 500 percent. One service told us that the last request for preferences seemed to have been flawed because it was constructed in such a way that the components could only provide input that related to broad categories of items listed in the United States Munitions List. Defense Threat Reduction Agency officials are planning to review this again over the next year to determine how to refine the referral process.
29. Identify training requirements and funding options	<p>To improve quality of licensing reviews.</p> <p>Responds to recommendations made in the June 1999 Interagency Inspector General report.</p>	Defense Threat Reduction Agency Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	The Defense Threat Reduction Agency expects that training program requirements will be identified sometime in the fall of 2000.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
30. Establish formal DOD training program for export license review	To improve quality of licensing reviews. Responds to recommendation made in the June 1999 Interagency Inspector General report.	Defense Threat Reduction Agency Deputy Under Secretary of Defense for Policy (Policy Support)	Ongoing	The Defense Threat Reduction Agency expects that training program requirements will be identified in the fall of 2000.
31. Prepare, coordinate, and issue guidance to implement the International Traffic in Arms Regulations 125.4(b)(1) and (11)	To improve the use of these exemptions for certain technical data. Responds to <ul style="list-style-type: none"> Arms Transfer/Technology Transfer White Paper recommendation and Defense Science Board Study recommendation. 	Defense Threat Reduction Agency	Ongoing	The Defense Threat Reduction Agency is in the final stages of coordinating draft guidance.
32. Expand International Traffic in Arms Regulations arms export licensing exemptions to other countries—similar to the historical exemption provided to Canada	To facilitate cooperation with countries that are trusted allies by reducing burden for obtaining export licenses, under certain circumstances. Resulted from discussions between the Deputy Secretary of Defense, the State Department, and allies and industry.	Defense Threat Reduction Agency Deputy Under Secretary of Defense for Policy (Policy Support) State Department	Ongoing	A variation of this initiative was incorporated in the Administration's Defense Trade Security Initiative that was announced May 24, 2000. Negotiations have begun that could lead to regulatory change to extend exemptions to some allied countries such as the United Kingdom and Australia.
33. Expand International Traffic in Arms Regulations exemptions—consult with Congress and State Department	To facilitate cooperation with countries that are trusted allies by reducing burden for obtaining export licenses, under certain circumstances. Results of discussions between the Deputy Secretary of Defense, the State Department, and allies and industry.	Defense Threat Reduction Agency DOD's Office of General Counsel Principal Deputy Under Secretary of Defense for Policy Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics State Department	Ongoing	A variation of this initiative was incorporated in the Administration's Defense Trade Security Initiative that was announced May 24, 2000. Draft regulations have been briefed to Congress, but have not yet been published.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
34. Amend the Arms Export Control Act section 36(c) to raise congressional notification thresholds for exported defense articles and services.	To raise the dollar thresholds for congressional notification of licenses for exported defense articles and services. Current thresholds, per DOD, are obsolete. Discussed at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and Principal Deputy Under Secretary of Defense for Policy to make thresholds more realistic.	Defense Threat Reduction Agency State Department	Terminated	No action has been taken because the State Department advised that most notifications to Congress far exceed statutory dollar thresholds. Thus, any amendment based on inflation update rationale would not materially affect the number of notifications.
35. Review and modify U.S. Munitions and Commerce Control Lists.	To address problem of backlog in export licensing (e.g., have services only review what's necessary). Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Defense Threat Reduction Agency DOD's Office of General Counsel Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics Principal Deputy Under Secretary of Defense for Policy State Department	Ongoing	This is part of the Administration's Defense Trade Security Initiative, which includes plans to review the U.S. Munitions List every 4 years. Defense Threat Reduction Agency officials said that reviewing the Commerce Control List is not part of this initiative.
36. Establish ombudsman for exporters to have avenue into the licensing system.	To assist industry and provide insight into licensing related to foreign military sales/direct commercial sales. Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Defense Threat Reduction Agency Defense Security Cooperation Agency	Complete	The Defense Threat Reduction Agency established its ombudsman in the Technology Security Directorate in May 2000. (Also see initiative #62.)

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
Defense industrial base initiatives				
37. Conclude Declaration of Principles with United Kingdom (U.K.)	<p>To improve the bilateral framework for cooperation and facilitate a more integrated industrial base.</p> <p>Results of discussions between the Deputy Secretary of Defense and allies and industry.</p>	<p>Deputy Under Secretary of Defense—International and Commercial Programs</p> <p>Deputy Under Secretary of Defense—Industrial Affairs</p> <p>Principal Deputy Under Secretary of Defense for Policy</p> <p>Director of Defense Procurement—Foreign Contracting</p> <p>Assistant Secretary of Defense for Command, Control, Communications, and Intelligence</p> <p>Defense Threat Reduction Agency</p>	Complete	<p>The U.S. Secretary of Defense and U.K. Secretary of State for Defence signed the Declaration of Principles on February 5, 2000. Negotiations on the declaration lasted about 10 months. Defense leaders agreed to establish both policy-level and working-level groups of subject matter experts to further develop the principles, with a view toward establishing and implementing specific arrangements and agreements. The State Department declined to participate and required that the Declaration of Principles with the U.K. not apply to matters under its jurisdiction. No follow-up agreement is expected to be legally binding without the State Department's involvement.</p>
38. Change acquisition restrictions in law	<p>1. To update and clarify domestic source and content requirements of the Berry Amendment, section 9005 of the DOD Appropriations Act, 1993 (P. L. 102-396, Oct. 6, 1992, as amended) (10 USC 2241 note), which restricted spending appropriated funds on items such as food, clothing, certain textile products, specialty metals, and hand tools that had not been produced in the U.S.</p> <p>2. To grant authority to the Secretary of Defense to waive domestic source requirements or domestic content requirements in the procurement of items to promote armaments cooperation.</p> <p>Responds to Defense Science Board Study.</p>	<p>Deputy Under Secretary of Defense—Industrial Affairs</p> <p>Director of Defense Procurement—Foreign Contracting</p> <p>DOD's Office of General Counsel</p>	Terminated	<p>These proposals were submitted to the Office of Management and Budget for coordination. According to an official with the Office of Management and Budget, these proposals were not approved. According to DOD, the Department voluntarily withdrew these proposals for further coordination and possible reintroduction in a subsequent legislative cycle.</p>

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
39. Complete beta version of foreign defense contractor financial, product, and capabilities database	To look at the capabilities of suppliers and obtain greater visibility over foreign transactions. Discussions at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.	Deputy Under Secretary of Defense—Industrial Affairs Contractor	Ongoing	A contract was signed in 1999. The contractor is developing a typology of about 36 companies that supply major defense interests.
40. Document DOD utilization of foreign sources	To improve the quality of information on U.S. reliance on foreign sources and, conversely, on U.S. supplier content in foreign defense equipment and components. To address database problems identified in <u>Defense Trade: Weaknesses Exist in DOD Foreign Subcontract Data</u> , (GAO/NSIAD-99-8, Nov. 13, 1998).	Deputy Under Secretary of Defense—Industrial Affairs Director of Defense Procurement—Foreign Contracting Commerce Department	Ongoing	The Department of Commerce surveyed prime contractors and suppliers for five systems ranging from a small communications device to a cargo plane. The Commerce Department is awaiting DOD's response on the survey results.
41. Start industrial base discussions with other countries	To identify common areas to improve cooperation. Results of discussions between the Deputy Secretary of Defense and allies and industry.	Deputy Under Secretary of Defense—International and Commercial Programs Deputy Under Secretary of Defense for Policy (Policy Support) Assistant Secretary of Defense for Command, Control, Communications, and Intelligence	Ongoing	DOD signed a Statement of Principles with Australia on July 17, 2000. We were told that DOD has started discussions with the Netherlands, France, Germany, and Sweden.
42. Identify barriers to foreign competition in U.S. acquisition practices	To ascertain how often foreign sources are excluded from competition and the reasons why. Responds to Defense Science Board Study recommendation.	Deputy Under Secretary of Defense—Industrial Affairs Director of Defense Procurement—Foreign Contracting Contractor	Ongoing	The contractor is reviewing impediments to competition in the missile sector.
43. Conduct education and outreach activities with acquisition community and major prime contractors regarding globalization policies	To sensitize DOD and industry officials on DOD's globalization policies. Discussions at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.	Deputy Under Secretary of Defense—Industrial Affairs Director of Defense Procurement—Foreign Contracting	Ongoing	DOD officials have discussed DOD's defense cooperation policies at various conferences.

ENCLOSURE II

Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
44. Request industry to codify their input to license applications	To improve the availability of information for reviewers processing export license applications and to standardize the data provided on applications. Responds to Defense Science Board Study recommendation.	Deputy Under Secretary of Defense—Industrial Affairs Defense Threat Reduction Agency Military services State Department Industry	Ongoing	Part of the larger automation effort discussed above. It is a pilot project and information will be obtained from conferences like the Society for International Affairs.
Defense industrial security initiatives				
45. Negotiate Foreign Ownership, Control, or Influence reciprocity agreement with the United Kingdom	Discussions at senior-level working group meetings chaired by the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense for Policy.	Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Under Secretary of Defense for Policy	Terminated	This initiative was dropped.
46. Propose National Industrial Security Program Operating Manual changes to eliminate unnecessary special security agreement requirements for companies owned by entities from certain countries and to address national interest determination issues	To eliminate unnecessary requirements that do not enhance national security. Responds to Defense Science Board Study recommendation.	Assistant Secretary of Defense for Command, Control, Communications, and Intelligence	Ongoing	The National Industrial Security Program Operating Manual is not being changed at this time. The Industrial Security Regulation is being coordinated and contains the proposed foreign ownership policy.
47. Revise DOD instructions to address national interest determination issues	To eliminate unnecessary requirements that do not enhance national security. Responds to Defense Science Board Study recommendation.	Assistant Secretary of Defense for Command, Control, Communications, and Intelligence	Duplicate (See #46)	This initiative is covered in initiative #46.
Foreign Military Sales reinvention initiatives				
48. Develop U.S. government and industry cooperation policy	To establish a culture wherein the U.S. government and U.S. industry work together throughout the program to provide accurate information on requirements and pricing based on the customer's stated need. Responds to Process Transparency White Paper recommendation.	Defense Security Cooperation Agency Director of Defense Procurement—Foreign Contracting Military services	Ongoing	A policy memo was issued on May 5, 1999. To implement the policy, the Defense Security Cooperation Agency has tasked the military services to develop a plan for interacting with U.S. industry.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
<p>49. Develop transparency policy for Letters of Offer and Acceptance</p> <p>(A Letter of Offer and Acceptance is the authorized document used by the U.S. government as an offer to sell defense articles and services to a foreign country or international organization. The offer becomes a contract when it is accepted by an authorized representative of the purchasing country or international organization and applicable funding is provided. Letters of Offer and Acceptance identify what is being sold, its estimated costs, the U.S. government costs to administer the sale, and terms and conditions of the transfer.)</p>	<p>To provide foreign customers greater visibility and participation in the development of Letters of Offer and Acceptance.</p> <p>Responds to Process Transparency White Paper recommendation.</p>	<p>Defense Security Cooperation Agency</p> <p>DOD acquisition and security assistance communities</p> <p>Industry associations</p> <p>Foreign customers</p>	<p>Ongoing</p>	<p>The Director of the Defense Security Cooperation Agency issued a policy memo on September 13, 1999.</p>
<p>50. Develop policy for foreign purchaser participation in the contracting process</p>	<p>To encourage appropriate foreign purchaser participation in the contracting process and addresses the U.S. government and U.S. industry coordination on accommodating a foreign customers' special needs.</p> <p>Responds to Process Transparency White Paper recommendation.</p>	<p>Defense Security Cooperation Agency</p> <p>Director of Defense Procurement—Foreign Contracting</p>	<p>Ongoing</p>	<p>The Deputy Secretary of Defense issued a memo on March 23, 1999, stating DOD's policy on customer participation. The Office of the Director of Defense Procurement—Foreign Contracting developed draft Defense Federal Acquisition Regulation Supplement language (225.7304), but the change has not been implemented.</p> <p>The focus of this initiative is to provide adequate pricing data on which foreign purchasers can base Letters of Offer and Acceptance and contract decisions. The Defense Security Cooperation Agency led an April 26, 2000, meeting with U.S. government, industry, and foreign government representatives to lay the groundwork; a June 29, 2000, meeting was held to further refine procedures.</p>

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
51. Adjust Foreign Military Sales surcharge (Surcharges are authorized charges included in Letters of Offer and Acceptance, which are calculated on a percentage basis, to pay a fair share of overhead and other costs that have been incurred by the U.S. government as a result of selling a defense item or service.)	Responds to <ul style="list-style-type: none"> Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation and foreign customer complaints and various audit reports (including GAO). 	Defense Security Cooperation Agency DOD Comptroller Military services	Ongoing	This effort is looking at adapting the DOD's Planning, Programming, and Budgeting System to DOD's Security Cooperation arena operating costs; and exploring development of a performance based cost system for management and budget use. With contractor assistance, the Defense Security Cooperation Agency will revise its fiscal year 2001 and fiscal year 2002 budget process events and examine the feasibility of fielding performance based cost systems in the military departments and the Defense Security Cooperation Agency.
52. Reimburse U.S. government for support of direct commercial sales and foreign military financing/direct commercial contracts	To increase U.S. government partnering with U.S. industry in the area of direct commercial sales opportunities. Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency	Ongoing	This effort is focused on receiving reimbursement for the non-foreign military sales administrative functions that are currently paid by the administrative fund of the Foreign Military Sales Program. The Defense Security Cooperation Agency initiated a legislative change to section 30 of the Arms Export Control Act to allow for industry reimbursement of U.S. government services provided in support of direct commercial sales (22 U.S.C. 2770). This initiative has not cleared the interagency coordination process.
53. Allow for not-to-exceed/firm fixed price Letters of Offer and Acceptance	To address foreign purchaser complaints that prices are too high and change too often. Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency	Ongoing	The Defense Security Cooperation Agency drafted and coordinated a new policy statement that cites when use of not-to-exceed/firm fixed price is appropriate and what procedures should be followed. The new policy statement was issued on June 15, 2000.
54. Allow for alternative form of surcharge	Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency DOD Comptroller Military services	Ongoing	As described in initiative #51, the Defense Security Cooperation Agency is revising its budget process and examining the feasibility of a performance-based cost collection system. After completion of those projects, the Defense Security Cooperation Agency will decide whether to proceed with this initiative.
55. Change policy to allow provision of Letters of Offer and Acceptance price breakouts	Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency	Complete	The Defense Security Cooperation Agency Comptroller issued a related policy memo on February 11, 1999, on release of logistic support charges and contract administration services financial data. The Director of the Defense Security Cooperation Agency issued a policy memo on September 13, 1999. This effort also relates to initiative #49, on providing transparency in Letters of Offer and Acceptance to foreign purchasers.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
56. Explore different methodologies/sources for Letters of Offer and Acceptance financial management	Respond to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendations to explore the use of commercial practices and outsourcing of the accounting and financial management services currently provided by the Defense Finance and Accounting Service.	Defense Security Cooperation Agency Defense Finance and Accounting Service DOD Comptroller Department of Treasury Office of Management and Budget	Ongoing	The Defense Security Cooperation Agency is working with the Office of Management and Budget, the Department of Treasury, the Defense Finance and Accounting Service, and the DOD Comptroller to try and incorporate some commercial financing practices into its foreign military sales practices.
57. Review application of Defense Working Capital Fund to Foreign Military Sales Program	To address foreign purchaser complaints that pricing of items in the Defense Working Capital Fund stock frequently changes. Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency DOD Comptroller	Ongoing	Cursory review indicates that price instability was not the problem it was thought to be since 87 percent of all parts buys and shipments take place in the same fiscal year, thereby yielding no change in prices. The Defense Security Cooperation Agency is continuing to look at the Defense Working Capital Fund's application to the Foreign Military Sales Program.
58. Review administrative fee collection practices	Responds to Pricing, Finance, and U.S. Government Cost Recovery White Paper recommendation.	Defense Security Cooperation Agency	Ongoing	Under initiative #51, the Defense Security Cooperation Agency is changing its budget process and examining the feasibility of collecting additional information. After these efforts, the Defense Security Cooperation Agency will decide whether to proceed with this initiative.
59. Develop and approve Arms Transfer/Technology Transfer White Paper	To address problems raised by industry representatives and foreign customers regarding regulating arms transfers, technology transfers, and disclosures of classified information.	Defense Security Cooperation Agency (co-chair) Deputy Under Secretary of Defense for Policy (Policy Support) (co-chair) Defense Threat Reduction Agency Military services Deputy Secretary of Defense	Duplicate (See #1)	This effort is covered in initiative #1.
60. Establish Arms Transfer Policy Review Group	To form a group that establishes policy or resolves arms transfer issues when normal transfer coordination and decision-making processes are unable to reach consensus on a DOD position.		Complete	The Deputy Secretary of Defense issued a memorandum on November 18, 1999.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
61. Devise method for industry to advise the Arms Transfer Policy Review Group of contentious issues early in the process	Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Arms Transfer Policy Review Group Deputy Under Secretary of Defense for Policy (Policy Support) Defense Security Cooperation Agency	Ongoing	According to a Defense Security Cooperation Agency official, no action was taken because a dispute resolution committee within DOD already exists. DOD has an export licensing committee, which is chaired by a Defense Threat Reduction Agency official, and is the first level mechanism for resolving issues. If the export licensing committee cannot resolve an issue, then the issue may be brought to the Arms Transfer Policy Review Group. For non-export licensing and non-technology transfer issues, industry may contact the Director of the Defense Security Cooperation Agency--the Arms Transfer Policy Review Group's Executive Secretariat. The Defense Security Cooperation Agency will forward the industry concern to the appropriate DOD forum for consideration.
62. Appoint ombudsman to coordinate Foreign Military Sales and Foreign Military Sales/Direct Commercial Sales issues	Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Defense Security Cooperation Agency	Complete	The Defense Security Cooperation Agency's ombudsman was appointed in December 1999. (Also see initiative #36.)
63. Engage Arms Transfer Policy Review Group to champion DOD/industry problems with State Department	Responds to Arms Transfer/Technology Transfer White Paper recommendation.	Arms Transfer Policy Review Group Deputy Under Secretary of Defense for Policy (Policy Support) Defense Security Cooperation Agency Defense Security Cooperation Agency	Ongoing	DOD has held some discussions with the State Department to resolve various issues. The Arms Transfer Policy Review Group engages the State Department on a case-by-case basis when deemed necessary.
64. Develop white paper on metrics and process reengineering	Result of efforts by a U.S. government integrated process team and the Defense Policy Advisory Committee on Trade to examine ways of streamlining the security cooperation process.	Defense Security Cooperation Agency Defense Security Cooperation Agency	Ongoing	The draft white paper has been released for comment. The white paper has been retitled; its new title is "Reinvention Strategy Paper." The Defense Security Cooperation Agency official stated that the white paper is expected to be released by August 2000.
65. Include metrics development and implementation in reinvention project	To comply with the Government Performance and Results Act, as well as to develop a methodology for measuring how well the agency is doing business internally and externally.	Defense Security Cooperation Agency Defense Finance and Accounting Service Defense Logistics Agency Military services	Ongoing	The Defense Security Cooperation Agency's metrics effort began in 1998. The effort has since been expanded to include the military services and defense agencies associated with security cooperation. The Defense Security Cooperation Agency conducts quarterly reviews of all these metrics.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
66. Organize Defense Security Cooperation Reform Day	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency	Complete	This is an annual event. This year's event was entitled "Security Cooperation Day: Perspective is Everything" and was held on July 10-12, 2000.
67. Organize command conferences	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency	Complete	These conferences are held annually.
68. Add reinvention section to website	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency	Complete	The Defense Security Cooperation Agency has added a reinvention section on its website at http://www.dsca.osd.mil .
69. Broadcast reinvention information via Security Assistance Network	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency	Complete	Reinvention information is sent out via the security assistance network. This action is a part of daily business practice and is independent of this initiative.
70. Develop public affairs plan	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency	Ongoing	Public affairs efforts are carried out day-to-day. No written plan has been developed.
71. Attend Foreign Military Sales Procurement Group Quarterly Meetings (Includes Attaches from countries with which the U.S. has Memorandum of Understanding and other foreign military sales customers)	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency Director of Defense Procurement	Complete	These meetings are an ongoing effort to reach out to foreign military sales customers.
72. Continue to obtain industry input on Foreign Military Sales Program's reinvention efforts	To facilitate communication with industry and foreign customers. Results of an internal Defense Security Cooperation Agency initiative.	Defense Security Cooperation Agency Director of Defense Procurement—Foreign Contracting	Ongoing	The Defense Security Cooperation Agency has obtained industry input for all white papers and sent out email to contractors soliciting their opinion on proposed changes. It also sought industry's input on initiative #50.
73. Develop project plan for phase I of the Defense Security Cooperation Agency's reinvention project	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Complete	The contractor developed a project plan for phase I. The project plan was complete in December 1999. Lack of credible reports associated with this plan resulted in discontinuing the contractor effort and refocusing the reinvention effort as outlined in the Reinvention Strategy White Paper.

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Initiative	Objective(s) and/or source(s) citing the initiative	Participants	Current status	Actions taken to implement initiative
74. Integrate white paper actions with overall reinvention project	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
75. Develop overall reinvention project plan	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
76. Initiate/develop models that document existing process	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
77. Develop information briefing package	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
78. Develop performance measures/metrics	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
79. Initiate/develop models of planned or prospective process	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
80. Review Defense Security Cooperation Agency and Defense Finance and Accounting Service interface	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a
81. Review Foreign Military Sales Program's process for managing sales	To facilitate the Defense Security Cooperation Agency's management of reinvention. Result of Defense Security Cooperation Agency management decision.	Defense Security Cooperation Agency Contractor	Discontinued ^a	^a

^a Not applicable. The Defense Security Cooperation Agency's approach to reinvention has changed. Initiatives #74-81 were related to objectives for a contractor to accomplish. The agency is pursuing reinvention efforts in-house rather than outsourcing this effort. Initiatives # 74-81 are no longer in effect.

Comments From the Department of Defense



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JUL 12 2000

Dear Ms. Schinasi:

Attached are the Department of Defense (DoD) technical comments to the GAO draft report, 'DEFENSE TRADE: Status of DoD's Initiatives on Defense Cooperation,' dated June 27, 2000 (GAO Code 707469/OSD Case 2045).

Sincerely,

Jeffrey P. Bialos
Deputy Under Secretary of Defense
(Industrial Affairs)

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GAO CONTACTS AND STAFF ACKNOWLEDGMENTS

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